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Also admitted in Massachusetts

February 16, 2023

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

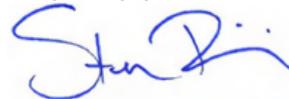
**RE: Docket 5210 - FY 2023 Gas Infrastructure, Safety, and Reliability Plan
Quarterly Update - Third Quarter Ending December 31, 2022**

Dear Ms. Massaro:

On behalf of Rhode Island Energy,¹ I have enclosed an electronic version of the Company's fiscal year (FY) 2023 Gas Infrastructure, Safety, and Reliability (ISR) Plan quarterly update for the third quarter ending December 31, 2022.² Pursuant to the provisions of the approved FY 2018 Gas ISR Plan, the Company committed to providing quarterly updates on the progress of its Gas ISR program to the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3359.

Very truly yours,



Steven J. Boyajian

Enclosures

cc: Docket 5210 Service List
Leo Wold, Esq.
John Bell, Division
Al Mancini, Division

¹ The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company").

² Per a communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



February 16, 2023

Docket No. 5210- RI Energy's FY 2023 Gas Infrastructure, Safety and Reliability (ISR) Plan - Service List 8/15/2022

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Gas Infrastructure, Safety, and Reliability Plan

The Narragansett Electric Company

FY 2023 Quarterly Update

Third Quarter - Ending December 31, 2022

Executive Summary

Fiscal year (“FY”) 2023 Gas Infrastructure, Safety and Reliability (“Gas ISR Plan” or the “Plan”) third quarter results (Attachment A) reflect that the Company¹ has spent approximately \$137.36 million of an estimated year-to-date (YTD) budget of \$153.00 million, resulting in a third quarter underspending variance of \$15.64 million. The total spending of \$137.36 million (see Attachments A & B) is comprised of \$133.54 million for the Gas ISR Plan, excluding the Southern Rhode Island Gas Expansion Project (“Gas ISR”) and \$3.82 million for the Southern Rhode Island Gas Expansion Project (“Gas Expansion Project”). To date, the \$137.36 million of actual spending represents 78 percent of the total FY 2023 annual Gas ISR Plan budget of \$175.66 million. As of December 31, 2022, the forecasted total year-end spend was \$167.18 million, which was \$8.47 million below the total budget of \$175.66 million. The FY 2023 forecast includes \$3.00 million of upcoming spending for a new Weld Shop; the Weld Shop is being proposed within the FY 2024 Gas ISR plan as a capital addition that would be placed in-service within FY 2024.

The Gas ISR (excluding Gas Expansion Project) spend through the end of the third quarter was \$133.54 million and includes actual spending of \$23.82 million out of an estimated YTD budget of \$40.03 million for Non-Discretionary work, resulting in a third quarter underspending variance of \$16.21 million. In addition, the spend through the third quarter includes actual

¹ The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”).

spending of \$109.72 million of an estimated YTD budget of \$107.10 million on Discretionary work, resulting in a third quarter overspending variance of \$2.61 million. Excluding the Gas Expansion Project, as of December 31, 2022, the forecasted year-end spend for the Gas ISR was \$162.71 million, inclusive of the Weld Shop spending mentioned above, which was \$6.15 million below the annual budget for Gas ISR. The Gas ISR forecasted underspending variance is driven by forecasted underspending in the following categories: Public Works – Non-Reimbursable category (money shifted to Proactive Main Replacement) and higher than budgeted Public Works – Reimbursements (credits), underspending in the Purchase Meters category, Reactive Leaks, Maintenance, Low Pressure System Elimination, Transmission Station Integrity, Pressure Regulating Facilities, Valve Installation, Gas System Reliability, Exeter LNG projects, and Replace Pipe on Bridges. Those forecasted underspending variances are partially offset by spending greater than budgeted in the following categories: Service Replacements – Non-Leak/Other, Proactive Main Replacement (money partially shifted in from Public Works), Large Diameter – Cast Iron Sealing Robot Joint (“CISBOT”), Atwells Avenue, Wampanoag Trail Heater Replacement and Asset Transfer, Tiverton Gate Station Ownership Transfer (Heater), Allens Avenue Multi Station Rebuild, Portable LNG Equipment Purchase for Cumberland, Tools & Equipment, and the proposed Weld Shop.

The Gas Expansion Project spending through the third quarter was \$3.82 million out of an estimated YTD budget of \$5.86 million, resulting in a third quarter underspending variance of \$2.04 million. As of December 31, 2022, the forecasted year-end spend was \$4.47 million, which was \$2.32 million below the annual budget for the Gas Expansion Project. Forecasted underspending in the Other Upgrades/Investments and Regulator Station Investment categories are the primary drivers of the projected underspending.

FY 2023 Capital Spending by Category

Non-Discretionary Work²

Public Works Program – \$7.73 million variance under year-to-date budget

Through the third quarter of FY 2023, the Company spent \$10.65 million, net reimbursements, against a projected year-to-date budget of \$18.38 million for the Public Works program, resulting in an underbudget variance of \$7.73 million. To date, for FY 2023, the Company has installed 3.6 miles of a plan of 11.9 miles of new replacement gas main and has abandoned 5.7 miles of a planned of 12.1 miles of leak-prone pipe through the Public Works program. The anticipated volume of workable projects did not fully materialize earlier in the fiscal year in time to execute the budgeted volume of Public Works projects in FY 2023, mainly due to the timing of when the project requests were submitted into the Company. But the requested projects have now been received and the Company has been and will be executing that work in the remaining months of FY 2023 and throughout FY 2024. In FY 2023, the Company was able to shift the resources (crews and dollars) from Public Works into the Proactive Main Replacement program. This is the main driver of the Public Works underbudget variance and Proactive Main Replacement overbudget variance. Additionally, the Company forecasts that FY 2023 Reimbursements (credits) for Public Works projects will total \$4.30 million, which is \$2.87 million higher than budget. As a result, the Public Works Program category is projected to be underbudget by \$8.60 million at fiscal year-end.

² Non-Discretionary programs include projects that are required by legal, regulatory code, and/or agreement, or are the result of damage or failure, with limited exceptions.

Mandated Programs – \$8.46 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company has spent approximately \$13.17 million of a projected YTD budget of \$21.63 million for Mandated Programs, resulting in an actual to budget variance of \$8.46 million. The primary drivers of the underspend in the Mandated category are lower than anticipated costs in the Purchase Meter, Reactive Leaks, Reactive Main Replacement – Maintenance, Low Pressure System Elimination, Transmission Station Integrity, and Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement categories. For the Purchase Meter category, the Company is actively managing through supply chain challenges that are impacting the delivery of gas meters. The Company is still expecting to receive more meters in Q4 FY 2023, but the bulk of meter delivery dates are now in FY 2024, which was factored into the FY 2024 Gas ISR budget proposal. The Reactive Leaks category is underbudget year-to-date and is forecasted to be \$2.50 million underbudget at fiscal year-end as the Company has been experiencing fewer leaks than forecasted and therefore has been repairing fewer leaks than anticipated. The Reactive Main Replacement – Maintenance category is currently underspent YTD because the Oxbow Farms project in Middletown, Rhode Island has not yet started as the Company is continuing to evaluate the approach for the project scope with the housing development owner. As a result, this category is forecasted to be underbudget by \$2.00 million at fiscal year-end. The Low Pressure System Elimination category is underbudget and is forecasted to be underbudget by \$1.61 million as the construction of the Tuckerman Avenue project was deferred into FY 2024. The Transmission Station Integrity program is currently underbudget and is forecasted to be underspent by \$4.33 million at fiscal year-end as the records review process (OPEX – Non-ISR) has taken longer than expected due to COVID-19 related delays, which have in turn delayed the ISR/Capital related activities. Additionally, the Scott Road project, which is a full station and heater replacement, is underbudget for FY 2023 (included

within the \$4.33 million forecasted underspend) as additional time has been required to coordinate the site and station design, which shifted some spending into the FY 2024 budget proposal. The Pipeline Integrity – IVP – Wampanoag Trail Pipeline Replacement category is underspent and is forecasted to be underbudget by \$0.42 million at fiscal year-end as the project surveying and engineering work has started later than originally anticipated. This has resulted in the budgeted materials purchasing being deferred into FY 2024. As a result of the factors detailed above, the Mandated category is forecasted to be underbudget by \$11.42 million at fiscal year-end.

In June 2021, the Company, in collaboration with the Rhode Island Division of Public Utilities and Carriers (“Division”), developed and implemented a plan to continuously improve the Company’s tracking of its meter inventory and its purchasing strategies. This was implemented in compliance with the Rhode Island Public Utilities Commission’s (“PUC”) Order in the Company’s FY 2022 Gas ISR Plan, Docket No. 5099. The first component of the plan is an enhanced process to track meter inventory. The Company is conducting a manual count of the meter lab inventory each month until the Company has validated that the Maximo system is accurately capturing inventory data. The Company conducted a physical inventory count on June 10, 2021 to establish the baseline count. The chart below provides a summary of the meter lab inventory counts on June 10, 2021, and the closest date to the close of each quarter that followed, which were June 30, 2021, September 30, 2021, January 3, 2022, March 31, 2022, June 30, 2022, September 30, 2022, and January 3, 2023. The Company is continuing to review the variances between the physical counts and the meter inventory tracked in Maximo and working to address factors that contribute to the variance, including the timing of when inventory is counted, when reports are run, and the timing of data cleanup in the Maximo system.

| Meter Lab Inventory | | | | |
|----------------------------------|-----------------------|---------------|-----------------|-------------------|
| Measure | Physical Count | Maximo | Variance | Variance % |
| Inventory as of 6/10/2021 | 9,943 | 10,926 | 983 | 9% |
| Inventory as of 6/30/2021 | 9,156 | 9,988 | 823 | 8% |
| Inventory as of 9/30/2021 | 9,568 | 10,370 | 802 | 8% |
| Inventory as of 1/3/2022* | 9,994 | 10,986 | 992 | 9% |
| Inventory as of 3/31/2022 | 11,724 | 12,605 | 881 | 7% |
| Inventory as of 6/30/2022 | 7,354 | 8,164 | 810 | 10% |
| Inventory as of 9/30/2022 | 6,513 | 7,452 | 939 | 13% |
| Inventory as of 1/3/2023 | 5,043 | 5,963 | 940 | 16% |

*Due to Vacations, the Meter Lab gathered inventory data the first Monday after New Years.

Damage/Failure Reactive Program – \$0.02 million variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$0 of a projected YTD budget of \$0.02 million for the Damage/Failure Reactive program, resulting in an under-budget variance of \$0.02 million. If there remain to be no Damage/Failure occurrences in the fourth quarter that qualify for this category of spending this category will have \$0 spend for FY 2023.

Discretionary Work³

Proactive Main Replacement Program – \$6.83 million overspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent approximately \$79.50 million of a projected YTD budget of \$72.66 million for the Proactive Main Replacement programs, resulting in an overspending variance of approximately \$6.83 million. To date, for FY 2023 in the Proactive Main Replacement (“MRP”) Program, the Company has installed 41.2 miles of new

³ Discretionary programs are not required by legal, regulatory code, or agreement, or a result of damage or failure, with limited exceptions.

replacement gas main against a plan of 41.2 miles. Across all ISR programs, the Company has installed a total of 49.2 miles of new replacement gas main against a plan of 60.3 miles. Fiscal YTD, the Company has abandoned 38.4 miles in the MRP Program against a plan of 43.0 miles. Across all ISR programs, the Company has abandoned 39.3 miles against an overall YTD plan of 53.8 miles and is executing a viable plan that can achieve the target abandonment of 64.5 miles. Although the Company is behind the YTD targets for installation and abandonment, good progress has been made on planned projects and construction work, in the mandated and reliability categories, which draw from the same resources required to abandon main. The Company has also abandoned a number of main replacement jobs that have been ongoing for several years. These resources have been more heavily focused on abandonment in the latter half of the year, which has put the Company in a good position to execute and achieve the abandonment mileage targets for FY 2023. Additionally, as mentioned above in the Public Works categories and Maintenance category, the volume of FY 2023 work that was budgeted for those categories did not fully materialize to be executable within FY 2023. However, the Company was able to shift resources (crews and dollars) from Public Works and Maintenance to the Proactive Main Replacement programs, which is the primary driver of the overbudget variance in the Proactive Main Replacement programs. Additionally, costs for this and all other main replacement programs are seeing a small effect due to inflationary pressure on materials, fuel, and asphalt.

Through the third quarter of FY 2023, the Proactive Main Replacement – Large Diameter LPCI Program is overbudget YTD and is forecast to exceed the budget by \$1.62 million at fiscal year-end. The original budget called for two CISBOT jobs, but based on Contractor availability, project readiness, moderate Company resource requirements for this type of work, and budget availability (offset by Public Works – Reimbursements), the Company has completed four CISBOT jobs in FY 2023 and will start a fifth job before the end of the fiscal year.

For the Atwells Avenue Project, the Company is on pace to have final restoration fully completed for Segments 1A and 1B by the end of FY 2023. As of the date of this report, the last steps to be completed are line striping (center lines and parking/valet lines) and receipt/payment of vendor invoices. The final restoration work for DePasquale Square was started in October 2022 and was completed in November 2022; this was completed ahead of schedule, so the \$0.40 million that was budgeted for this work has been added to the FY 2023 forecast included in this report and has been removed from the FY 2024 budget. Segment 3 of the project was budgeted to be completed in FY 2023, but the project has been deferred into FY 2024, as the Company is continuing to work in close conjunction with Providence Water (replacing water pipe) and the City of Providence (replacing leak prone pipe ahead of municipal paving) to address the highest priority work, with the majority of the FY 2023 work being completed on the East Side area of Providence. The \$1.10 million associated with the Atwells Avenue Segment 3 work has been removed from the FY 2023 forecast and was included in the FY 2024 budget proposal.

Proactive Service Replacement Program – \$0.41 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$0.16 million of a projected YTD budget of \$0.56 million for the Proactive Service Replacement Program (“SRP”), resulting in an underspending variance of \$0.41 million. In FY 2023, the Company has continued focusing on replacing the remaining 25 copper services located in Cumberland; YTD 23 of the 25 copper services have been replaced. The customers/property owners of the final 2 copper services in Cumberland have been reluctant to allow their service replacements, but the Company continues to pursue those replacements. The Company also replaced 9 steel services on plastic main in the Lincoln area. Additionally, the Company replaced another 11 services as part of this program, which includes 1 high-pressure inside set, 7 steel services on plastic, and 3 services in the Providence area. In total, the Company has completed 43 proactive service replacements in FY 2023. The Company is also continuing to review the population of services that were originally

included on the Proactive Service Replacement list and has been conducting written customer outreach as accounts are being confirmed as leak-prone services on main that is not leak-prone. At this time, the Proactive Service Replacement Program category is forecasted to be underbudget by \$0.44 million at fiscal year-end.

Reliability Programs – \$3.82 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$30.06 million of a projected YTD budget of \$33.88 million for Reliability programs, resulting in an underspending variance of \$3.82 million for this category. As of December 31, 2022, the Reliability programs were projected to be overbudget by \$5.21 million at fiscal year-end. Several reliability categories are currently forecasted to end the fiscal year underspent, however, those underspending variances are forecasted to be offset by the purchase of Portable LNG Equipment for Cumberland and proposed spending for site preparation and materials purchasing for the new Weld Shop. System automation is currently underbudget but is forecasted to end the fiscal year on budget. The Heater Installation program is currently underbudget and is forecasted to end the fiscal year underbudget, primarily because the material purchases for the Diamond Hill Gate Station project were deferred into FY 2024 to align with the FY 2025 construction start date. The Wampanoag Trail Heaters Replacement and Ownership Transfer project is scheduled to go in-service in FY 2023, as planned, but the FY 2023 forecast is \$0.79 million more than budget as contractor bid prices came in higher than anticipated and the site's parking lot required a redesign from the original project plan. The Pressure Regulating Facilities category is current underbudget and is forecasted to be underbudget by \$1.55 million at fiscal year-end as the construction phase of one station was deferred into FY 2024 and the initial engineering and design phase of a second station was also deferred into FY 2024. As a result of these deferrals, both of these pressure regulation station projects are factored into the FY 2024 budget.

Additionally, project costs are coming in lower than budget because some project materials were pre-purchased in FY 2022. The Allens Avenue Multi Station Rebuild project incurred closeout costs in FY 2023 as approximately \$0.23 million of additional work was required for the Chromatograph building and approximately \$0.72 million was incurred related to the abandonment and disposal of above ground piping and site restoration. The Take Station Refurbishment category is currently underbudget but is forecasted to end the fiscal year on budget. The Tiverton Gate Station Ownership Transfer (Heater) project is currently underbudget due to the timing of work but is forecasted to end the fiscal year \$0.89 million higher than budget as contractor bid prices were higher than anticipated and additional work was required for the boiler controls. The project is now expected to go in-service in FY 2024 instead of FY 2023 based on the timing of the acceptance testing and execution of the asset transfer. The Valve Installation/Replacement program is currently underbudget and is forecasted to end the year underbudget by \$0.94 million as the four remaining isolation valves in Newport have been deferred into the FY 2024 budget as the Company continues to work through project permitting. Additionally, following critical valve inspections it was determined that no reactionary valve work was required earlier in FY 2023.

The Gas System Reliability category is currently underspent and forecasted to be underbudget by \$2.89 million at fiscal year-end as the Company needed to assign resources towards Reinforcement projects (non-ISR). The Company deferred three projects (including phase 1 of a two-phase Newport project) into the FY 2024 budget and a fourth project, which was a proposed downrating project in East Providence, is currently being reevaluated by the Company. The I&R – Reactive category is currently overbudget by \$0.27 million but is forecasted to be on budget at fiscal year-end. The Distribution Station Over Pressure Protection category is currently underspent and is forecasted to be underbudget by \$0.60 million at fiscal year-end due to deferral of several header projects in this category into FY 2024. These deferrals occurred because the

associated main replacement projects have not been completed. The LNG category is currently underbudget and is forecasted to end the year \$1.37 million underbudget as 1) the timing of some materials purchasing and early stages of the construction schedule for the Exeter Boiloff Compressors Upgrade was shifted into the FY 2024 budget; 2) the costs to finish the Exeter Hi Ex Foam System project have come in lower than originally anticipated; 3) those underspending variances were partially offset by site improvements for the Old Mill Lane site that were not in the original budget. As will be discussed in further detail below, the Company has incurred year to date costs of \$1.42 million related to a down payment for Portable LNG Equipment for Cumberland and the Company forecasts to incur total costs of \$7.00 million in FY 2023 to complete the purchase. The Replace Pipe on Bridges category is currently underspent and is expected to be underbudget by \$0.70 million at fiscal year-end, primarily due to construction on the Lonsdale Avenue bridge in Pawtucket being deferred from FY 2023 into the FY 2024 budget. The Access Protection Remediation category is currently overspent, due to the timing of work, but is forecasted to be underbudget at fiscal year-end as two scheduled projects were deferred into the FY 2024 budget. The Tools and Equipment category is currently overspent and is forecasted to spend \$0.86 million more than budget by fiscal year-end as certain specialty equipment that was ordered, but not delivered, in FY 2022, and will now be received in FY 2023. A review of the Company's tools & equipment was conducted as part of the separation from National Grid USA. The Company determined that wear and tear on the Company's existing tool stock has increased over the last few years as more live gas work is being performed by the Company's internal labor force because in late FY 2019, the Company's Field Operations labor union declined to extend a voluntary agreement to allow non-Company contractors to perform many kinds of live gas operations related to the Leak Prone Pipe replacement programs, so that work has shifted back to the Company's internal labor force. Lastly, the Company has proposed a new Weld Shop within the FY 2024 Gas ISR Proposal, which will directly support the Gas ISR Capital Portfolio. The Company is forecasted to spend

\$3.00 million related to the initial phases of the site preparation and facility design and engineering along with materials that are needed for the construction of the Weld Shop; the Company will include these costs in the FY 2023 reconciliation if the Company's Weld Shop project is approved for inclusion in the FY 2024 ISR budget in Docket No. 22-54-NG now pending before the PUC.

Regarding the Portable LNG Equipment for Cumberland, the Company has incurred YTD charges of \$1.42 million and will incur charges totaling \$7.00 million (including the \$1.42 million) in FY 2023, which was not originally in the budget, for costs associated with down payments for Portable LNG Equipment that will primarily be used at the Cumberland LNG Facility. That equipment will be placed in service in FY 2024. The Company currently contracts for the Portable LNG Equipment and Operations for the Cumberland facility and that contract, which was originated in 2018 and was extended during the COVID-19 pandemic, expires at the close of Winter 2022-2023 and is not being renewed by the Company. The Company has performed a cost-benefit and operational analysis of entering into a new contract versus purchasing new Portable LNG Equipment and operating it internally. The Company has determined that purchasing the equipment is in the best interest of Rhode Island gas customers from several perspectives:

- Cost:
 - o Predictable costs for rate payers – not subject to increasing market fluctuations; and
 - o Equipment has resale value if no longer needed for Cumberland or the overall Rhode Island Energy territory.
- System Reliability:
 - o Available to serve Cumberland site during the winter of upcoming years;

- Available to support Cumberland LNG’s long term solution during construction (in scenario where permanent LNG facilities are permitted for that site); and
 - Can serve all Rhode Island Energy customers and respond to system issues or pipeline operations without having to request proposals or rely on availability of contractors and equipment which may not be readily available in the region.
- Operational:
- Operation will have increased system redundancy with multiple pumps (as opposed to the single pump system that the Company presently rents;
 - Two vaporizers will provide redundancy with plant’s fixed vaporizers;
 - SCADA integration will allow full monitoring of the equipment inside the control room for enhanced safety;
 - Rhode Island Energy LNG team has extensive experience operating fixed LNG equipment. Bringing Portable LNG operations in-house will position the Company to expedite response to system needs; and
 - Equipment is portable and can be moved to support the system anywhere in the state as necessary.

FY 2023 Southern Rhode Island Gas Expansion Project Spending by Category

Construction

Pipeline – \$0.02 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$0.50 million of a projected YTD budget of \$0.52 million for the Gas Expansion Project – Main Installation, resulting in an underspending variance of \$0.02 million for this category. The spending in this category for FY 2023 is for closeout costs related to the Main Installation final restoration and the FY 2023

closeout costs are forecasted to be lower than the original budget. Thus, this category is forecasted to be underbudget by \$0.06 million at fiscal year-end.

Other Upgrades/Investments

Maximum Operating Pressure (MOP) Project, Launcher/Receiver, Installation of Remote Operating Valve (ROV) – \$0.31 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$0.001 million of a projected YTD budget of \$0.31 million for the Other Upgrades/Investments category, resulting in an underspending variance of \$0.31 million for this category. In FY 2023, the Company closed out the Maximum Operating Pressure project and is forecasted to be under budget by approximately \$0.38 as the Company is not forecasting to incur any charges in FY 2024. The Company budgeted \$0.35 million for the Launcher-Receiver/ Install ROV portion of this budget for investigation and design work but is forecasted to be under budget by \$0.335 million at fiscal year-end. The Company is conducting additional analysis to determine the viability of the Launcher-Receiver and/or Remote Operated Valve (“ROV”) within Rhode Island Energy’s operating system and is not planning to progress this work during FY 2024. At this time, the Other Upgrades/Investments category is projected to be underbudget at fiscal year-end by \$0.38 million.

Regulator Station Investment

Updates to Cranston Regulator Station, Cowesett Regulator Station, and New Regulator Station – \$1.71 million underspending variance to budget year-to-date

Through the third quarter of FY 2023, the Company spent \$3.32 million of a projected YTD budget of \$5.04 million for the Regulator Station Investment category, resulting in an underspending variance of \$1.71 million for this category. The YTD focus of this category has

been Upgrades at the Cowesett Regulator Station. The new regulator pit at this location has been installed and is expected to be gassed-in/placed in-service by the end of FY 2023. Separately, the spending related to the New Regulator Station near the Cowesett Regulator Station is forecasted to be underbudget by \$0.65 million at fiscal year-end; the FY 2023 activity has been focused on identifying desired station location(s) and then survey and design work will follow, so the project materials purchasing will be deferred until FY 2024 to align with future project construction. This deferral has been incorporated into the FY 2024 ISR Plan. The Cranston Regulator Station Upgrades project is forecasted to be under budget by \$1.00 million at fiscal year-end as some elements of the project scope/construction plan required re-design to accommodate stop gas work on Rhode Island Energy's system versus the transmission company's system. At this time, the Regulator Station Investment category is projected to be underbudget by \$1.88 million at fiscal year-end.

Plant-in-Service Forecast

As of the close of Q3 FY 2023, the Company is forecasting to place Capital Additions In-Service of \$155.61 versus a target of \$162.92, resulting in a forecasted under-target variance of \$7.31 million. The primary driver of the under-target forecast is that the Take Station Enhancement Program - Tiverton Gate Station Ownership Transfer ("Tiverton GS Heater & Asset Transfer") is not forecasted to be brought online and then have the ownership transfer completed before the close of FY 2023.

Attachment A
RIPUC Docket No. 5210
FY 2023 Gas Infrastructure, Safety, and Reliability Plan
FY 2023 Quarterly Update

Attachment A - Summary

**The Narragansett Electric Company
d/b/a Rhode Island Energy - RI Gas
Capital Spending by Investment Categories - Summary
FY 2023 through December 31, 2022
(\$000)**

| Categories | FYTD | | | FY 2023 - Total | | |
|--|------------------|------------------|-------------------|------------------|------------------|-------------------|
| | Budget | Actual | Variance | Budget | Forecast | Variance |
| NON-DISCRETIONARY | | | | | | |
| Public Works ¹ | \$18,384 | \$10,652 | (\$7,732) | \$20,600 | \$11,999 | (\$8,601) |
| Mandated Programs | \$21,626 | \$13,169 | (\$8,456) | \$28,360 | \$16,937 | (\$11,423) |
| Damage / Failure (Reactive) | \$19 | \$0 | (\$19) | \$25 | \$12 | (\$13) |
| NON-DISCRETIONARY TOTAL | \$40,028 | \$23,822 | (\$16,207) | \$48,985 | \$28,948 | (\$20,037) |
| DISCRETIONARY | | | | | | |
| Proactive Main Replacement | \$72,662 | \$79,496 | \$6,833 | \$78,918 | \$88,036 | \$9,118 |
| Proactive Service Replacement | \$564 | \$158 | (\$406) | \$600 | \$158 | (\$442) |
| Reliability | \$33,879 | \$30,062 | (\$3,816) | \$40,363 | \$45,573 | \$5,210 |
| SUBTOTAL DISCRETIONARY (Without Gas Expansion) | \$107,105 | \$109,716 | \$2,611 | \$119,881 | \$133,767 | \$13,886 |
| Southern RI Gas Expansion Project | \$5,862 | \$3,819 | (\$2,044) | \$6,789 | \$4,468 | (\$2,321) |
| DISCRETIONARY TOTAL (With Gas Expansion) | \$112,967 | \$113,534 | \$567 | \$126,670 | \$138,235 | \$11,565 |
| CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion) | \$147,133 | \$133,538 | (\$13,595) | \$168,866 | \$162,714 | (\$6,152) |
| CAPITAL ISR TOTAL (With Gas Expansion) | \$152,995 | \$137,356 | (\$15,639) | \$175,655 | \$167,183 | (\$8,472) |
| Additional Capital Investments (Not currently included in the ISR) | \$1,875 | \$63 | (\$1,812) | \$3,500 | \$269 | (\$3,231) |

() in Variance column denotes an underspend

1. Public Works Program includes reimbursements which will be credited as received throughout the year.

Attachment B
RIPUC Docket No. 5210
FY 2023 Gas Infrastructure, Safety, and Reliability Plan
FY 2023 Quarterly Update

Attachment B - Breakout

**The Narragansett Electric Company
d/b/a Rhode Island Energy - RI Gas
Capital Spending by Investment Categories - Detail
FY 2023 through December 31, 2022
(\$000)**

| Categories | FYTD | | | FY 2023 - Total | | |
|---|------------------|------------------|-------------------|------------------|------------------|-------------------|
| | Budget | Actual | Variance | Budget | Forecast | Variance |
| NON-DISCRETIONARY | | | | | | |
| Public Works | | | | | | |
| <i>CSC/Public Works - Non-Reimbursable</i> | \$18,151 | \$11,825 | (\$6,326) | \$20,596 | \$14,362 | (\$6,234) |
| <i>CSC/Public Works - Reimbursable</i> | \$1,322 | \$1,808 | \$485 | \$1,437 | \$1,937 | \$500 |
| <i>CSC/Public Works - Reimbursements</i> | (\$1,089) | (\$2,980) | (\$1,891) | (\$1,433) | (\$4,300) | (\$2,867) |
| Public Works Total | \$18,384 | \$10,652 | (\$7,732) | \$20,600 | \$11,999 | (\$8,601) |
| Mandated Programs | | | | | | |
| <i>Corrosion</i> | \$861 | \$1,110 | \$248 | \$1,305 | \$1,305 | \$0 |
| <i>Purchase Meter (Replacement)</i> | \$3,936 | \$3,520 | (\$416) | \$5,248 | \$3,935 | (\$1,313) |
| <i>Reactive Leaks (CI Joint Encapsulation/Service Replacement)</i> | \$7,811 | \$5,748 | (\$2,064) | \$10,100 | \$7,600 | (\$2,500) |
| <i>Service Replacement (Reactive) - Non-Leaks/Other</i> | \$3,146 | \$1,762 | (\$1,384) | \$1,697 | \$2,447 | \$750 |
| <i>Main Replacement (Reactive) - Maintenance (incl Water Intrusion)</i> | \$925 | \$833 | (\$92) | \$3,000 | \$1,000 | (\$2,000) |
| <i>Low Pressure System Elimination (Proactive)</i> | \$1,700 | \$90 | (\$1,610) | \$2,000 | \$390 | (\$1,610) |
| <i>Transmission Station Integrity</i> | \$2,896 | \$100 | (\$2,796) | \$4,510 | \$180 | (\$4,330) |
| <i>Pipeline Integrity - IVP - Wampanoag Trail Pipeline Replacement</i> | \$350 | \$6 | (\$344) | \$500 | \$80 | (\$420) |
| Mandated Total | \$21,626 | \$13,169 | (\$8,456) | \$28,360 | \$16,937 | (\$11,423) |
| Damage / Failure (Reactive) | | | | | | |
| <i>Damage / Failure (Reactive)</i> | \$19 | \$0 | (\$19) | \$25 | \$12 | (\$13) |
| NON-DISCRETIONARY TOTAL | \$40,028 | \$23,822 | (\$16,207) | \$48,985 | \$28,948 | (\$20,037) |
| DISCRETIONARY | | | | | | |
| Proactive Main Replacement | | | | | | |
| <i>Main Replacement (Proactive) - Leak Prone Pipe</i> | \$69,168 | \$72,948 | \$3,780 | \$75,204 | \$81,083 | \$5,879 |
| <i>Main Replacement (Proactive) - Large Diameter LPCI Program</i> | \$2,250 | \$3,828 | \$1,578 | \$2,250 | \$3,868 | \$1,618 |
| <i>Atwells Avenue</i> | \$1,244 | \$2,719 | \$1,475 | \$1,464 | \$3,085 | \$1,621 |
| Proactive Main Replacement Total | \$72,662 | \$79,496 | \$6,833 | \$78,918 | \$88,036 | \$9,118 |
| Proactive Service Replacement | | | | | | |
| Proactive Service Replacement Total | \$564 | \$158 | (\$406) | \$600 | \$158 | (\$442) |
| Reliability | | | | | | |
| <i>System Automation</i> | \$664 | \$485 | (\$179) | \$800 | \$800 | \$0 |
| <i>Heater Installation Program</i> | \$968 | \$609 | (\$359) | \$1,242 | \$953 | (\$289) |
| <i>Heater Installation Program - Wampanoag Trail Heaters Replacement and Ownership Transfer</i> | \$4,088 | \$4,972 | \$884 | \$4,349 | \$5,135 | \$786 |
| <i>Pressure Regulating Facilities</i> | \$6,371 | \$4,069 | (\$2,303) | \$7,585 | \$6,035 | (\$1,550) |
| <i>Allens Ave Multi Station Rebuild</i> | \$0 | \$953 | \$953 | \$0 | \$1,085 | \$1,085 |
| <i>Take Station Refurbishment</i> | \$840 | \$736 | (\$104) | \$1,150 | \$1,159 | \$9 |
| <i>Take Station Enhancement Program - Tiverton GS Ownership Transfer</i> | \$4,257 | \$3,673 | (\$584) | \$4,529 | \$5,423 | \$894 |
| <i>Valve Installation/Replacement (incl Storm Hardening & Middletown/Newport)</i> | \$857 | \$23 | (\$834) | \$988 | \$50 | (\$938) |
| <i>Gas System Reliability</i> | \$2,836 | \$245 | (\$2,591) | \$3,260 | \$382 | (\$2,878) |
| <i>I&R - Reactive</i> | \$963 | \$1,234 | \$271 | \$1,375 | \$1,375 | \$0 |
| <i>Distribution Station Over Pressure Protection</i> | \$2,340 | \$2,070 | (\$270) | \$3,000 | \$2,400 | (\$600) |
| <i>LNG</i> | \$8,259 | \$7,970 | (\$289) | \$10,089 | \$8,716 | (\$1,373) |
| <i>LNG - Portable Equipment Purchase</i> | \$0 | \$1,421 | \$0 | \$0 | \$7,000 | \$7,000 |
| <i>Replace Pipe on Bridges</i> | \$675 | \$169 | (\$506) | \$900 | \$200 | (\$700) |
| <i>Access Protection Remediation</i> | \$54 | \$124 | \$69 | \$272 | \$172 | (\$100) |
| <i>Tools & Equipment</i> | \$705 | \$1,309 | \$604 | \$824 | \$1,687 | \$863 |
| <i>Weld Shop</i> | \$0 | \$0 | \$0 | \$0 | \$3,000 | \$3,000 |
| Reliability Total | \$33,879 | \$30,062 | (\$3,816) | \$40,363 | \$45,573 | \$5,210 |
| SUBTOTAL DISCRETIONARY (Without Gas Expansion) | \$107,105 | \$109,716 | \$2,611 | \$119,881 | \$133,767 | \$13,886 |
| Southern RI Gas Expansion Project | | | | | | |
| <i>Pipeline</i> | \$520 | \$496 | (\$24) | \$600 | \$540 | (\$60) |
| <i>Other Upgrades/Investments</i> | \$306 | \$1 | (\$305) | \$396 | \$15 | (\$381) |
| <i>Regulator Station Investment</i> | \$5,036 | \$3,322 | (\$1,714) | \$5,793 | \$3,913 | (\$1,880) |
| Southern RI Gas Expansion Project Total | \$5,862 | \$3,819 | (\$2,044) | \$6,789 | \$4,468 | (\$2,321) |
| DISCRETIONARY TOTAL (With Gas Expansion) | \$112,967 | \$113,534 | \$567 | \$126,670 | \$138,235 | \$11,565 |
| CAPITAL ISR TOTAL (Base Capital - Without Gas Expansion) | \$147,133 | \$133,538 | (\$13,595) | \$168,866 | \$162,714 | (\$6,152) |
| CAPITAL ISR TOTAL (With Gas Expansion) | \$152,995 | \$137,356 | (\$15,639) | \$175,655 | \$167,183 | (\$8,472) |
| Additional Capital Investments (Not currently included in the ISR) | | | | | | |
| <i>Aquidneck Island Long Term Capacity Options</i> | \$0 | \$39 | \$39 | \$1,000 | \$39 | (\$961) |
| <i>LNG - Cumberland Tank Replacement</i> | \$1,875 | \$23 | (\$1,852) | \$2,500 | \$230 | (\$2,270) |

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